



SACHI A. HAMAI  
Interim Chief Executive Officer

County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

Kenneth Hahn Hall of Administration  
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*"To Enrich Lives Through Effective And Caring Service"*

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December 16, 2014

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

10 December 16, 2014

  
PATRICK OGAWA  
ACTING EXECUTIVE OFFICER

**NEW FIVE-YEAR LEASE  
HARBOR-UCLA MEDICAL CENTER  
21840 SOUTH NORMANDIE AVENUE, TORRANCE  
(SECOND DISTRICT)  
(3 VOTES)**

**SUBJECT**

A five-year lease agreement for 9,462 rentable square feet of medical office space with the Harbor-UCLA Medical Foundation Incorporated, a California non-profit corporation.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the project is exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Mayor to sign the lease with Harbor-UCLA Medical Foundation Incorporated for a five-year period with an option to extend for an additional five years for the use of approximately 9,462 rentable square feet for the consideration as expressed therein.
3. Authorize the Interim Chief Executive Officer delegated authority to amend the lease if Harbor-UCLA Medical Foundation Incorporated has a need to reduce the amount of space occupied during the lease term.
4. Authorize the Department of Health Services to accept all rental payments to be used to offset building maintenance costs under the lease.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Harbor-UCLA Medical Foundation Incorporated (MFI) is composed of physicians who are staff physicians at the Harbor-UCLA Medical Center (Medical Center) and are also faculty members of the UCLA Medical School. On February 11, 2011, the Board approved a five-year lease renewal with MFI, for use of 25,417 square feet of office space at 21840 South Normandie Avenue, Torrance, within the Medical Center Campus. The County Department of Health Services (DHS) would occupy the remaining 5,490 square feet (the entire building is comprised of 31,357 rentable square feet). MFI continues to occupy the building and is currently responsible for all building maintenance and utility costs. In lieu of monetary rental payments, MFI provides "in kind services" equal to the fair market value of the leasehold interest. MFI has occupied the facility since 1990, pursuant to an original Board approved ground lease dated April 26, 1988, which required MFI to construct the building at its own cost and expense. The building became County property at the end of the original ground lease term on April 25, 2008. Since the commencement of the original ground lease, MFI established the building as a medical office in which off-duty staff physicians were able to provide treatment for privately insured patients who would not otherwise be able to receive specialized care.

MFI has encountered financial hardships that make it difficult to comply with ongoing and future building maintenance obligations. Accordingly, MFI has requested to terminate its existing lease with the County and enter into a new lease that will reduce the amount of square footage used by MFI from 25,417 to 9,462 square feet, and will transfer building maintenance and utility costs to the County. The proposed new lease will require MFI to pay the County a monthly rental payment of \$21,289.50, in lieu of maintenance and utility obligations. Said rental payment is within the fair market value range for the area. The monthly rental payments will offset building maintenance and utility costs. Further, the proposed lease will allow the County to recapture 21,895 square feet of space for use by DHS. MFI proposes to continue providing treatment to privately insured patients in a private practice setting who would not otherwise be able to receive specialized care.

### Benefits to the General Public and to the County of Los Angeles

- Patients throughout the community are able to access the world-renowned expertise of Harbor--UCLA faculty physicians.
- HMO patients have access to valuable resources providing specialized services and out-of-plan second opinions from highly specialized academic physicians.
- Patients seen in the private practice have access to the hospital's state-of-the-art, life-saving clinical expertise.
- The Harbor-UCLA Professional Building private practice allows the County Medical Departments to derive a valuable edge in recruiting and retaining highly qualified physicians by providing physicians with the opportunity to maintain a private practice on non-County time.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. The leasing of County property to a non-profit foundation, which provides medical services to the public at the Medical Center is consistent with this goal.

### **FISCAL IMPACT/FINANCING**

In consideration of the lease, MFI has agreed to a monthly rent payment in the amount of \$21,289.50 (\$2.25 per square foot). With the exception of custodial services, the County will be responsible for all maintenance and utility costs. DHS will accept all rental payments to offset building maintenance and utility costs.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

MFI is a California non-profit corporation with a mission of providing support to patient care, teaching, and research program at the Medical Center. MFI is comprised of physicians and staff who are employed by the County and/or the University of California.

The proposed lease is authorized by Government Code Section 26227, which allows the County to make its real property available to non-profit corporations to operate programs which serve public purposes. County Counsel has reviewed the proposed lease and approved it as to form.

### **ENVIRONMENTAL DOCUMENTATION**

The Chief Executive Office has concluded that this project is exempt from California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The Board's approval of the proposed lease will allow MFI to continue to offer specialized medical services to insured patients who are residents of Los Angeles County. The property is currently not required for exclusive County use. DHS approves and supports the recommended actions herein and the continued services of MFI.

### **CONCLUSION**

It is requested that the Executive Office, Board of Supervisors return two originals of the executed lease, two copies of the minute order, and the adopted, stamped Board Letter to the CEO, Real Estate Division at 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012, for further processing.

The Honorable Board of Supervisors

12/16/2014

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sachi A. Hamai" followed by a small flourish.

SACHI A. HAMAI

Interim Chief Executive Officer

SAH:RLR:CMM

KW:AA:kb

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Health Services

## LEASE AGREEMENT

*December* This LEASE AGREEMENT ("Lease") is made and entered into this *16<sup>th</sup>* day of    2014 by and between COUNTY OF LOS ANGELES, as landlord ("County"), and Harbor-UCLA Medical Foundation, Inc., a California non-profit corporation ("Tenant", or "MFI").

### RECITALS

WHEREAS, County is the fee owner of real property containing approximately four acres of land improved with approximately 31,357 rentable square feet of office space (the, "Property"), which Property is on the County Harbor-UCLA Medical Center campus ("Medical Center");

WHEREAS, Tenant is a California non-profit 501(c) (3) corporation in good standing;

WHEREAS, County has received ownership of improvements located on the Property pursuant to County Lease No. 59067 dated April 26, 1988 ("Original Lease");

WHEREAS, such improvements consist of several interconnected trailer-type buildings (collectively, the "Building"), which were constructed pursuant to the Original Lease;

WHEREAS, on February 1, 2011, County and Tenant entered into Lease No. 77468 ("MFI Lease");

WHEREAS, under said MFI Lease, Tenant occupies 25,417 rentable square feet and County occupies 5,940 rentable square feet;

WHEREAS, during the term of the MFI Lease, Tenant has encountered an unforeseen financial hardship that will make it difficult for the Tenant to comply with future building maintenance obligations; and

WHEREAS, County is prepared to lease a portion of the building to Tenant pursuant to Government Code Section 26227, in order for Tenant to occupy the improvements for use as medical offices and research for the Harbor UCLA Medical Center and for such other purposes as are related thereto;

WHEREAS, County and Tenant desire to enter into a new Lease where the County will be responsible for certain building costs;

WHEREAS, the new Lease will increase the amount of office space the County currently occupies; and reduce the amount of office space occupied by Tenant;

WHEREAS, this new Lease will terminate and supersede the MFI Lease; and

NOW, THEREFORE, in consideration of the terms and conditions hereinafter contained, and the foregoing recitals, each of which is deemed a contractual part hereof, County and Tenant agrees as follows:

ARTICLE 1.  
GENERAL PROVISIONS

1.1 Status.

This Lease is by and between the County and Tenant and is not intended, and will not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between County and Tenant.

1.2 Prior Agreements.

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements between the parties or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto. The parties hereto hereby expressly terminate the MFI Lease and replace it with this Lease, except to the extent that: (a) Tenant has any continuing liability or default under the MFI Lease, such liabilities or defaults are not waived; and (b) any provision of the MFI Lease is expressly intended by the parties to survive the termination of the MFI Lease.

ARTICLE 2.  
PREMISES

2.1 Description of Premises.

The County, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Tenant, upon the following terms and conditions, hereby leases to the Tenant, and the Tenant hereby hires and takes off and from the County, those certain premises comprised of 9,462 rentable square feet within the building located at 21840 South Normandie Avenue, Torrance, County of Los Angeles, State of California as depicted in Exhibit A, attached hereto and incorporated herein by this reference (the "Premises"). Tenant shall occupy and use a portion of the Building in accordance with Article 5 hereof, as depicted in Exhibit B attached hereto and incorporated herein by this reference. County will retain possession of the remaining square footage in the Building.

## 2.2 Tenant's Right to Reduce Premises

At any time during the term hereof, after providing 90 days' advance written notice to County, Tenant shall have the right to reduce the Premises square footage. Such reduction shall be documented by an amendment to this Lease, which amendment the Chief Executive Officer (CEO) shall have the authority to sign on behalf of the County. Any such amendment shall include the new square footage, new rental rate that incorporates applicable rate adjustments pursuant to Sections 4.1 and 4.2 and a new Exhibit B depicting the new Premises.

## ARTICLE 3. TERM

### 3.1 Original Term.

The original term of this Lease shall be for a period of five (5) years, commencing upon the execution of the Lease by the Los Angeles County Board of Supervisors. Tenant shall reduce the amount of office space occupied pursuant to the MFI Lease to 9,462 rentable square feet within 60 days from the execution of this Lease. Tenant shall return the previously leased space to County in as good condition as existed on the commencement date of the ordinary wear and tear accepted. As long as Tenant is not in breach of any term of this Lease, the Tenant shall have the option to extend this Lease for an additional five (5) years upon giving written notice to the County not sooner than 180 days nor later than 60 days before the expiration of the initial Lease term. Failure of Tenant to give timely written notice of exercise of the renewal option pursuant to this Section 3.1 shall be deemed a rejection of the option to renew.

### 3.2 Cancellation.

Either party shall have the right to cancel this Lease without cause at any time during the term by giving 180 days prior written notice to the other party. In the event that the County decides to close the Medical Center, this Lease shall automatically terminate without notice 60 days after the County Board of Supervisors authorizes the closure of the Medical Center. At the expiration or earlier termination of this Lease, regardless of the reason therefor, Tenant shall remove from the Premises, at Tenant's sole cost and expense, all of Tenant's personal property. Tenant shall be liable to County for all costs incurred in effecting the removal of any personal property which Tenant has failed to remove from the Premises pursuant to this Section. Tenant may remove any personal property from time to time during the Lease term and within 90 days following the expiration of the term.

Tenant shall repair all damage (structural or otherwise) caused by such removal; provided that damage to improvements which are obsolete economically or functionally or which are not material need not be repaired so long as the improvements are or are made structurally sound and do not pose a safety hazard. In addition either party shall have the right to terminate this Lease at any time by giving reasonable notice to County if Tenant loses its exemption from property taxes under Revenue and Tax Code Section 214.

### 3.3 Holdover.

In case Tenant holds over beyond the end of the term hereof or the option term, as applicable, such tenancy shall be from month-to-month only, subject to the provisions and conditions of this Lease, but shall not be a renewal or extension hereof. Either party may, during the holdover, cancel this Lease by giving the other party at least 30 days prior written notice.

## ARTICLE 4. RENT

### 4.1 Rent.

Tenant shall pay the County as rent for the use granted herein the sum of \$21,289.50 per month (\$2.25 per square foot). Rent shall be payable on the first day of each and every month. Rent is based upon a cost per square foot of \$2.25 that will be applied to the square footage occupied by Tenant in Exhibit A. The monthly rental payment shall be adjusted annually in accordance with the terms of section 4.2 hereof. Payment shall be made by check or draft issued and payable to the County of Los Angeles, and mailed or otherwise delivered to:

Harbor-UCLA Medical Center  
Chief Executive Officer  
Box 1, 1000 W. Carson St.  
Torrance, CA 90509

### 4.2 Payment Adjustments

Commencing with the conclusion of the second anniversary of the Lease term and for each successive one year period thereafter, the amount set forth in Section 4.1 shall be subject to an annual adjustment as specified herewith:

#### A. Rental Adjustment Period

For each successive 12-month period following the second anniversary of the Lease term, the monthly rental shall be subject to adjustment (each, an "Adjustment Date"), the rent shall be adjusted in accordance with the CPI formula as set forth in subparagraph B below.

#### B. CPI Formula:

The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Riverside-Orange Co. area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100), herein referred to as "Index." The "Base Index" shall be the index published for the month in which the second anniversary of the Lease term commences.

The rental adjustment shall be calculated by multiplying the base rent set forth in paragraph 4.1 Rent (the "Base Rent"), by a fraction, the numerator being the Index published for the month immediately preceding the Adjustment Date (the "New Index"), and the denominator being the Base Index.

The formula shall be as follows:

$$(\text{New Index} \div \text{Base Index}) \times (\text{Base Rent}) = \text{Adjusted Rental}$$

If the Index is changed so that the base year of the Index differs from that used as of the second anniversary term of the Lease Term, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Lease, such other governmental index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original Index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to arbitration in accordance with the provisions of California Code of Civil Procedure Section 1280 et. seq. as they now exist or may later be amended for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

C. General Provisions:

1. During the Lease term, the monthly rental adjustment based upon the CPI formula set forth above shall not result in an annual increase greater than four percent (4%) per year of the monthly base year rent.
2. In no event shall the monthly rent be adjusted by the CPI formula to result in a lower monthly rent than was payable during the previous year of the Lease.

4.3 Late Payments

In the event payment is not made on or before the 1<sup>st</sup> day of the month, a penalty of ten percent (10%) per annum, prorated on a daily basis, shall be added to any late payment received by the 15<sup>th</sup> day after the last day of the calendar month in which payment is due. However, the late payment charge herein provided may be waived by County's Chief Executive Office ("CEO"), whenever the CEO finds such late payment excusable by reason of extenuating circumstances. County shall not be obligated at any time during the term herein provided to notify Tenant of the accumulation of penalty charges.

ARTICLE 5.  
USE

5.1 Use.

Tenant is hereby granted permission to utilize the Premises for the full term of this Lease (subject to parking restrictions and regulation which may be imposed by County from time to time by the Medical Center's Chief Executive Officer) and any authorized extensions unless earlier terminated as provided herein exclusively for the purpose of providing licensed medical services to the public and for related lawful services (collectively, the "Services"). All such Services shall be open and available to residents of incorporated and unincorporated areas of the County of Los Angeles. There shall be no discrimination against or preference, gratuity, bonus or other benefit given to residents of incorporated areas not equally accorded to unincorporated territory of the County of Los Angeles.

County may, at its option, house in the building in the space designated in Exhibit B any staff necessary for any services provided by the County Department of Health Services ("DHS") or any other County agency, contractor, employee or independent contractor.

It is expressly understood that this space use does not constitute the conveyance by County to Tenant of any freehold estate or ownership interest in real or personal property. Tenant shall not use or pledge its leasehold interest in the Premises to obtain financing without the express written consent of the County Chief Executive Office ("CEO") and Treasurer-Tax Collector. Any violation of this provision shall constitute a material breach of this Lease entitling the County to immediately terminate this Lease.

ARTICLE 6.  
DAMAGE OR DESTRUCTION

6.1 Termination of Lease.

In the event Tenant ceases to provide the Services, as defined in this Lease, loses its exemption from property taxes under Revenue and Tax Code 214, or the Premises or the Building is damaged by fire, incidents of war, earthquake, or other elements so as to render them reasonably unfit for Tenant's occupancy as determined by County in its discretion, either party may immediately terminate this Lease by giving to the other party written notice of such termination, which notice shall be effective 30 days after the delivery of notice on the other party as prescribed in this Lease whereupon Tenant shall surrender the Premises and shall not be obligated for any further consideration to the County.

## 6.2 Repair and Restoration

- A. In the event of damage or destruction to the Premises or the Building, if County undertakes restoration of the Premises and Tenant desires to remain in the space, County may, in its sole discretion, allow Tenant to do so, in which case commencement of the restoration shall require: (1) securing the Premises by the County to prevent injury to persons and/or vandalism to the improvements thereon, and (2) placing of a work order or contract by the County for obtaining the labor and materials to accomplish the repair and restoration. Notwithstanding the foregoing, if the County undertakes restoration or demolition of the Premises, and County or Tenant do not wish Tenant to remain in the Premises during such renovation, or Tenant is unable to remain in the Premises because of the demolition, the parties shall cooperate in good faith to mutually and reasonably identify space substantially similar to the Premises to which Tenant and its operations may be temporarily or permanently re-located. Nothing in this Section 6.2.A shall be interpreted to require County to undertake the restoration of the Premises. Any decision to restore or demolish the Premises under this Section 6.2.A shall be made by the County in its sole discretion.
- B. During the term of this Lease, if the Building, Premises and/or improvements are damaged due to a risk covered by insurance required to be maintained by Tenant under as required under this Lease, Tenant shall cause the damage to be repaired and the Building and improvements restored to substantially the same condition as they were in immediately before such damage.
- C. If, during the term of this Lease, the Building, Premises and/or improvements are damaged due to a risk not covered by insurance maintained by Tenant under this Lease and whether or not such damage is substantial, Tenant may elect either to cause the damage to be repaired and the Building, Premises and/or improvements restored to substantially the same condition as they were immediately before the damage or to terminate this Lease. Said election shall be made by written notice to County within 60 days of the occurrence of the damage. If no written notice is given by Tenant within said 60 days, then both parties agree this shall constitute Tenant's election not to repair the damage and to terminate the Lease and vacate the Premises.

- D. If Tenant is required or elects to repair any damage to the Building, Premises and/or improvements, such damage shall be repaired and the Building, Premises, and/or improvements restored to substantially the same condition as they were in immediately before the damage as promptly as is commercially reasonable. To the extent the damage is due to a risk covered by insurance maintained by Tenant under this Lease, such repairs shall be made from the proceeds of such insurance and the proceeds of such insurance shall be made available to Tenant for such purpose. All work shall be performed in a good and workmanlike manner and shall be completed as promptly as is reasonably possible and in accordance with all applicable laws. Commencement of the repair and restoration shall require (a) securing the area to prevent injury to persons and/or vandalism to the Building, Premises and improvements and (b) the placement of a work order or contract for obtaining the labor and materials to accomplish the repair and restoration. In no event shall Tenant be required to repair, replace or restore any damaged equipment, personal property, or trade fixtures of County located in or about the Building, it being understood that the repair, replacement, or restoration thereof shall be the sole responsibility and at the expense of County.
- E. Notwithstanding any provision contained in this Lease to the contrary, if the applicable laws existing at the time of the damage do not permit the repair or restoration required or allowed under the Lease, either party may terminate this Lease immediately by giving 60 days written notice to the other party. If this Lease is terminated pursuant to any of the provisions in this Section 6.2, the proceeds of any and all insurance maintained as required under this Lease shall be the sole property of Tenant and shall, if received by County, be promptly paid to Tenant, less any expenses incurred by the County in clearing the site or abating potential nuisances due to the damage.
- F. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) which relate to termination of leases when the thing leased is destroyed and agrees that such event shall be governed exclusively by the terms of this Lease.

ARTICLE 7.  
TENANT'S FIXTURES  
AND PERSONAL PROPERTY

7.1 Tenant's Fixtures and Personal Property.

Tenant may remove, at its own expense, during or at the expiration of the term or other termination of this Lease, all fixtures, equipment, furniture, and all other personal property (collectively "Tenant Equipment") placed or installed in or upon the Premises by Tenant. Tenant agrees that if so instructed by County, Tenant shall remove, at its own expense, at the expiration or early termination of the term of this Lease, or any holdover period thereof, all Equipment placed or installed in or upon the Premises by the Tenant. In the event Tenant removes any or all fixtures pursuant to this Section, Tenant shall restore the Premises to the original condition which existed upon the commencement date of this Lease, ordinary wear and tear excepted, unless restoration would be unreasonable in light of improvements made to the Basic Structure (as defined in this Lease) of the Premises or Building, during the term of the Lease.

All Equipment which was not placed or installed in or upon the Premises by the Tenant, or replacements of Equipment placed or installed by the County prior to the commencement date of this Lease, shall remain the property of the County. Tenant may remove said Equipment, at its own expense, only upon the prior written consent of the County CEO.

To the extent there is any conflict between this Section 7.1 and Section 21, Section 21 shall control.

7.2 County Equipment, Furniture, and Personal Property

Any County equipment, furniture, and personal property existing on the Premises as of the commencement date of this Lease shall remain the property of County during and after the expiration of the Lease term. County will be responsible for maintaining its own personal property.

ARTICLE 8.  
REPAIR, MAINTENANCE, AND  
REPLACEMENT

8.1 Tenant's Obligations.

County agrees to repair, maintain and replace, as necessary, at County's own expense, the entire Premises ( excluding those Tenant improvements, any security systems installed for the Premises, all fixtures, equipment, and other personal property owned by Tenant, or owned by any officer, agent, employee, contractor, licensee, or invitee of Tenant or otherwise placed or installed in, on, or upon the Premises by Tenant), excepting any damage resulting from the intentional acts or negligence of Tenant or its officers, agents, employees, contractors, licensees, or invitees. County's responsibility pursuant to this Section 8.1 shall also include, but not be limited to, lamps and tubes, plumbing, fire sprinklers (if applicable), windows, fire extinguishers, and the Basic Structure. The term "Basic Structure" includes the Building and all appurtenances thereto in their totality, including but not limited to all permanent exterior and interior walls, floors and ceilings, roof, all interior and exterior drainage systems, concealed plumbing, stairways, elevators, concealed electrical systems, and heating, ventilating and air-conditioning system and fire sprinklers. County shall perform any required grounds maintenance to the Premises, including without limitation landscaping and irrigation, including the maintenance of parking areas, which shall be the sole responsibility of County. Tenant shall provide, at its sole expense, daily housekeeping services, janitorial services, and medical waste disposal services for Tenant's leased premises.

8.2 Condition of Premises upon Termination.

Tenant shall return Premises to County in as good condition as existed on the commencement date hereof, ordinary wear and tear excepted, unless restoration would be unreasonable in light of improvements made to the Premises by either party during the term of the Lease.

8.3 Replacement.

In the event that items specified as Tenant's obligations in Section 8.1 wear out or fail or are damaged by earthquake, fire or the elements, and/or other public disaster or casualty, Tenant shall be required to replace said items. However, to the extent that such casualty damage is not covered by insurance required under Section 15, then Tenant may exercise its options under Section 6.2c.

ARTICLE 9.  
UTILITIES

9.1 Utilities.

County shall be responsible for paying for all costs associated with the effluent treatment, water, sprinkler standby charges, electricity, gas, other lighting, heating, power, and other utility rents and charges accruing in connection with the Premises during the term of this Lease. Tenant shall comply with any applicable laws, ordinances, regulations, or policies with respect to the curtailment or conservation of energy or water. Except as provided in Section 9.2, Tenant shall be responsible for any costs associated with any security system(s) placed or installed in or upon the Premises by Tenant. Tenant shall be responsible for all telephone, internet and communications used by Tenant. Tenant may provide new devices or equipment for installation provided written approval is first obtained from the County.

9.2 Security

Tenant shall be responsible for securing the Premises. Tenant may provide any legal devices, installations, or equipment designed for the purpose of protecting the Premises from theft, burglary or vandalism, provided written approval for installation is first obtained from the County. All purchases and installations thereof shall be at Tenant's sole expense. County shall not be liable for loss or damage of any property stored by Tenant at the Premises or on the Property.

ARTICLE 10.  
ACCESS BY COUNTY

10.1 Access by County.

Tenant agrees to permit the County or its authorized agents free access to all areas of the Premises upon advance written, telephonic, or facsimile notice of 48 hours, or sooner if Tenant agrees, for the purpose of inspection. Notwithstanding the foregoing, no advance notice shall be required in the event of an emergency as determined by Medical Center Chief Executive Officer or his/her designee.

ARTICLE 11.  
TERMINATION FOR DEFAULT

11.1 Default by County.

If default shall be made by County in any of the covenants or agreements herein contained on the part of the County to be kept and performed, and such default constitutes a material breach of the Lease, Tenant may, at its sole discretion, terminate this Lease upon the giving of 30 days written notice. In addition thereto, Tenant shall have such other rights or remedies as may be provided by law. Tenant may not terminate the Lease if: (1) County cures the default within 30 days after such notice is given, or (2) the default cannot reasonably be cured within the 30 days after notice is given, but County reasonably commences to cure the default within the 30-day period and diligently and in good faith continues to pursue such cure.

11.2 Default by Tenant.

Tenant's failure to perform any of the other covenants or agreements herein, shall place Tenant in default under this Lease. County may, at its sole discretion, terminate this Lease upon a material breach of this Lease, including any such referenced default that constitutes a material breach of this Lease, by giving Tenant 30 days written notice of termination. In addition thereto, County shall have such other rights or remedies as may be provided by law. Notwithstanding the foregoing, County may not terminate the Lease if: (1) Tenant cures the default within a commercially reasonable time after notice is given, or (2) the default cannot reasonably be cured within the 30 days after notice is given, but Tenant reasonably commences to cure the default within the 30-day period and diligently and in good faith continues to pursue such cure.

ARTICLE 12.  
ASSIGNMENT AND SUBLETTING

12.1 Assignment, Subletting, Subleasing, Licensing.

The use of the Premises is restricted as provided for in Article 5. Accordingly, Tenant shall not assign, sublease, or otherwise transfer its interest in this Lease without the prior written approval of the County's Chief Executive Office. Any assignment, sublease, or other transfer of any interest in this Lease without the County's written consent shall be void and shall constitute a material breach, for which County may terminate this Lease. Any rent or other monetary consideration received by Tenant in violation of this section shall be reimbursed to the County in addition to any other remedy the County may have in law or equity.

ARTICLE 13.  
ALTERATIONS

13.1 Alterations.

Tenant shall not make any material alterations in or on the Premises without first securing the prior written consent of the County's CEO. Consent shall be given or denied within 30 days of receipt of written request, which request shall include a complete set of plans, where applicable, for such alterations. Consent shall not be unreasonably withheld. Failure to provide written approval or disapproval within 30 days

shall be deemed approval unless a permit is required from any City or County departments having jurisdiction, in which case consent must be given within 30 days of the Tenant's receipt of all required permits. Any alterations installed by Tenant which are "trade fixtures" as such are defined by the law of eminent domain shall be treated as Tenant's fixtures in accordance with the provisions of this Lease. To the extent there is any conflict between this Section 13.1 and Section 21, Section 21 shall control.

ARTICLE 14.  
NOTICES

14.1 Notices.

All notices and demands required hereunder shall be personally delivered (including by means of professional messenger service), sent by United States registered or certified mail, postage prepaid, return receipt requested, or transmitted by facsimile transmission or email, in which case the receiving party shall immediately confirm receipt of such notice. All notices are effective upon receipt. For the purposes of such notices, the addresses for the parties are set forth in Section 14.2 below. Either party may from time to time designate another person or place for receipt of notice by writing to the other party delivered in conformity with this Section.

14.2 Notices - Where to Send.

All notices given under this Lease shall be addressed and/or delivered to the respective parties as follows:

County: Manager, CEO/ Real Estate Division  
County of Los Angeles  
222 South Hill Street 3rd Floor  
Los Angeles, California 90012

Tenant: CEO  
Harbor-UCLA Medical Foundation, Inc.  
21840 Normandie Avenue, Suite 100  
Torrance, California 90502

With a copy: to CEO  
Harbor-UCLA Medical Center  
Box 1, 1000 W. Carson St.  
Torrance, CA 90509

## ARTICLE 15. INSURANCE

### 15.1 Self Insurance by County

County, as a government entity, has the right to self-insure with respect to any insurance requirement set forth in this Lease. This does not abrogate the Tenant's obligation to insure the entire Premises in accordance with the terms of Article 15.4 of this Lease.

### 15.2 Indemnification

- A. County agrees to indemnify, defend, and hold harmless Tenant and its directors, officers, employees, and agents from and against any and all liability and expense (including defense costs and legal fees) arising from or connected with claims and lawsuits which result from bodily injury, death, personal injury, or property damages (including damage to County's property) to the extent arising or alleged to arise from County's negligence, willful misconduct or material breach of this Lease in connection with County's use or ownership of the Premises. Nothing in this Lease shall be construed to waive, limit, or supersede any of Tenant's rights or immunities under the California Labor Code, including but not limited to a waiver pursuant to Labor Code section 3864.
- B. Tenant agrees to indemnify, defend, and hold harmless County and its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability and expense, including defense costs and legal fees, arising from or connected with claims and lawsuits which result from bodily injury, death, and personal injury, or property damage (including damage to Tenant's property) to the extent arising or alleged to arise from Tenant's negligence, willful misconduct or breach of this Lease in connection with Tenant's use, maintenance or omission thereof and occupancy of the Premises.

### 15.3 General Insurance Provisions - Tenant Requirements

Without limiting the Tenant's indemnification of County and during the term of this Lease, and until all of its obligations pursuant to this Lease have been met, Tenant shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Lease. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Tenant pursuant to this Lease. The County in no way warrants that the Required Insurance is sufficient to protect the Tenant for liabilities which may arise from or relate to this Lease.

- A. Waivers of subrogation. Tenant shall obtain appropriate endorsements upon all insurance policies waiving subrogation by the insurer(s) against County.
- B. Evidence of Coverage and Notice to County
  - Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined below) has been given Insured status under the Tenant's General Liability policy, shall be delivered to County at the address shown below and provided prior to the start day of this Lease.
  - Renewal Certificates shall be provided to County not less than 10 days prior to Tenant's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Tenant insurance policies at any time.
  - Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Lease by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Tenant identified in this Lease. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding twenty five thousand (\$25,000.00) dollars, and list any County required endorsement forms.
  - Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Tenant, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

- Certificates and copies of any required endorsements, notices of cancellation shall be delivered to:

County of Los Angeles  
Chief Executive Office (or other department acting as County, as applicable)  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, CA 90012  
Attention: Name of Lease Manager, Property Management

- C. Review of Insurance Requirements. Throughout the term of this Lease and upon notice to Tenant, County may review and adjust at any time the types and limits of insurance required under this Lease to a commercially reasonable level. Insurance is to be provided by insurers acceptable to the County with an A.M. best rating of not less than A: VII, unless otherwise approved by County.
- D. Failure to Maintain Coverage. Tenant's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Lease, upon which County immediately may suspend or terminate this Lease. County, at its sole discretion, may obtain damages from Contractor resulting from said Lease.
- E. Notification of Incidents, Claims, or Suits. Tenant shall report to County any accident or incident relating to services performed under this Lease which involves injury or property-damage which might reasonably be thought to result in the filing of a claim or lawsuit against Tenant and/or County. Such report shall be made in writing within 72 hours of Tenant's knowledge of such occurrence.
- F. Compensation for County Costs. In the event that Tenant fails to comply with any of the indemnification or insurance requirements of this Lease, and such failure to comply results in any costs to County, Tenant shall pay full compensation for all reasonable costs incurred by County.

- G. Additional Insured Status and Scope of Coverage. The County, which is the County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents), shall be provided additional insured status under Tenant's General Liability policy with respect to liability arising from or connected with the Tenant's acts, errors, and omissions arising from and/or relating to the Tenant's operations on and/or its use of the premises. County's additional insured status shall apply with respect to liability and defense of suits arising out of the Tenant's acts or omissions, whether such liability is attributable to the Tenant or to the County. The full policy limits and scope of protection also shall apply to the County as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.
- H. Cancellation of or Changes in Insurance. Tenant shall provide County with, or Tenant's insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Lease, in the sole discretion of the County, upon which the County may suspend or terminate this Lease.
- I. Tenant's Insurance Shall Be Primary. Tenant's insurance policies, with respect to any claims related to this Lease, shall be primary with respect to all other sources of coverage available to County. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Tenant coverage.
- J. Deductibles and Self-Insured Retentions (SIRs). Tenant's policies shall not obligate the County to pay any portion of any Tenant deductible or SIR. The County retains the right to require Tenant to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing Tenant's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.
- K. Application of Excess Liability Coverage. Tenant may use a combination of primary and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions

- L. Separation of Insureds. All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusion.

#### 15.4 Tenant's Insurance Coverage Types and Limits

Tenant shall provide and maintain the following insurance:

- A. General Liability insurance (written on ISO policy form CG 0001 or its equivalent) and endorsed to name County as an additional insured, with limits of not less than the following:

General Aggregate:	\$ 2 million
Products/Completed Operations Aggregate:	\$ 1 million
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

- B. Automobile Liability insurance (written on ISO form CA 00 01 or its equivalent) with a limit of liability of not less than \$1 million for each accident and providing coverage for all "owned", "hired", and "non-owned" vehicles, or coverage for "any auto".

- C. Workers Compensation and Employers' Liability insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If applicable to Tenant's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

- D. Commercial Property insurance: Such insurance:

- Shall cover damage to County's property, including improvements and betterments, from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30) excluding earthquake and including Ordinance or Law Coverage;
- Shall be written for the full replacement value of the property, with a deductible no greater than \$25,000 or 5% of the property value; whichever amount is less, and,
- Proceeds shall be payable to Tenant and County as their interests may appear and be utilized for repair and restoration of the Property.

- E. Professional Liability/Errors and Omissions. Insurance covering Tenant's ability arising from or related to this Lease, with limits of not less than \$1 million per claim and \$3 million aggregate. Further, Tenant understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination or cancellation.

## ARTICLE 16. TAXES

### 16.1 Real Property Taxes.

County, as owner of the property, shall assist Tenant with the application, when appropriate, for applying for the "welfare exemption" (Revenue and Tax Code 214) generally available through the County Assessor concerning possessory interest taxation of the real property on which the Building and the Premises are located. Tenant shall use its best efforts to timely apply to the County Assessor, as required, in any such application for exemption. In the event that no exemption applies or a partial exemption applies and the County Assessor determines that taxes are payable, the Tenant shall either a) pay promptly all applicable real property taxes applicable to the space occupied by Tenant, including possessory interest taxes, assessments and special assessments which may be levied or assessed against the Premises during the term of this Lease or any extension or holdover period thereof or b) cancel this Lease and vacate the Premises within 90 days.

### 16.2 Personal Property Taxes, Possessory Interest Taxes, Assessments, and License Fees.

Tenant shall be responsible, when appropriate, for applying for exemptions and waivers concerning taxation of personal property, possessory interests, parking assessments, fees, and license fees. The CEO shall use its best efforts to assist Tenant, as required and when appropriate, in any such application for exemption or waiver. In any event, Tenant shall pay before delinquency all taxes, assessments, license fees, and other charges that are levied and assessed against Tenant's personal property installed or located in or on the Premises, that become payable during the term. Tenant hereby acknowledges that its occupancy and use of the Premises may result in a possessory interest subject to taxation. All possessory interest taxes levied and billed shall be the sole responsibility of the Tenant and shall be paid when due by Tenant. Subject to Section 16.3 hereof, County may terminate this Lease upon Tenant's nonpayment of such taxes, assessments, and/or license fees.

### 16.3 Tenant's Right to Contest Taxes

Tenant shall have the right, at its own expense, to contest the amount or validity of any taxes by appropriate proceedings diligently conducted in good faith which shall operate to prevent the collection of any taxes so contested or the sale of any of Tenant's property to satisfy the same. Pending final judgment and appeals of any such legal proceedings, County shall not have the right to pay, remove, or discharge any Taxes thereby contested, provided that Tenant shall indemnify and hold harmless the County from and against any and all claims and liability related thereto and shall protect County from any lien by adequate surety bond or other security reasonably deemed appropriate by County.

### 16.4 Prorating of Taxes

If, at any time during the term of this Lease, any taxes are levied for a benefit which shall have a useful life longer than the remaining Lease term then whether or not such taxes are actually paid in installments, Tenant shall only be responsible to pay that portion of the taxes which would have been payable during the term of this Lease, had such Taxes been paid in installments. If taxes become due and payable after the expiration or termination of the Lease, Tenant, within 15 days of such expiration or termination, shall pay County its pro rata share of such taxes. To the extent that Tenant pays such taxes in excess of its pro rata share prior to termination, County shall promptly return the excess upon expiration or other termination of the Lease.

## ARTICLE 17. SUCCESSORS IN INTEREST

### 17.1 Binding on Successors.

Each and all of the conditions and agreements herein contained shall be binding upon and shall inure to the benefit of the successors-in-interest of the County, and, wherever the context permits or requires the successors-in-interest to the Tenant. Nothing in this section implies or constitutes permission by the County of a transfer of all or a part of Tenant's interest.

## ARTICLE 18. PARKING

### 18.1 Parking.

So long as Tenant is not in default as defined in this Lease and is maintaining the required insurance on the entire Premises and the required automobile liability and subject to parking facility rules and regulations as established by County from time to time, Tenant and its employees and visitors shall be entitled during Tenant's regular hours of operation, as they may be modified from time to time, and as necessary in connection with after-hours services, to use spaces in the parking lot located adjacent to the Premises on a first come first served basis. A total of 25 parking spaces in such adjacent parking lot will be designated for patient use by either the Tenant or the County's patients.

ARTICLE 19.  
HAZARDOUS SUBSTANCES

19.1 Definition.

For purposes of this Lease, the term "Hazardous Substances" shall be deemed to include hazardous substances as defined in California Health and Safety Code Section 25316 as it may be amended from time to time, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8 as it may be amended from time to time.

19.2 Warranties and Representations.

Tenant hereby warrants and represents that it will not cause the presence, use, storage, or disposal of any Hazardous Substances on or about the Premises without the prior written consent of County, except that Tenant may use or store those Hazardous Substances that are incidental to its operation as a medical practice or medical research center.

Tenant hereby warrants and represents that it shall comply with all applicable laws and regulations concerning the use, release, storage and disposal by Tenant, its agents, and contractors of Hazardous Substances on the Premises. County hereby warrants and represents that it has complied with all applicable laws and regulations concerning the use, release, storage, and disposal of Hazardous Substances on the Premises, and that said compliance was in effect prior to the beginning of the term of this Lease.

19.3 Notification.

Each party agrees to immediately notify the other party when either party learns that Hazardous Substances have been released on the Premises, upon becoming aware of the same.

19.4 Indemnification.

County agrees to indemnify, defend and hold harmless Tenant, its agents, officers and employees from and against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence or release of Hazardous Substances on the Premises to the extent caused by County.

Tenant agrees to indemnify, defend and hold harmless County and its Special Districts, elected and appointed officers, agents, and employees, from and against all liability, expense (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence or release of Hazardous Substances on the Premises which is caused by Tenant or its agents or subleases (except the County), approved or not.

The indemnity provided each party by this Section shall survive the termination of this Lease.

#### 19.5 Default.

The presence or release of Hazardous Substances on the Premises and/or in the Building or on the Property, which is caused by Tenant, or Tenant's officers, employees, agents, licensees, contractors, or invitees, and which threatens the health and safety of the Premises or its occupants, shall entitle County to immediately terminate this Lease.

#### 19.6 Additional Indemnity Coverage

Costs incurred by County as a result of the presence or release of Hazardous Substances on the Premises and/or in the Building or on the Property which is caused by Tenant, or Tenant's officers, employees, agents, licensees, contractors, or invitees, are the responsibility of the Tenant under the indemnity provisions of this Lease.

#### 19.7 Asbestos Notification.

Tenant agrees to notify County at least annually of Tenant's actual knowledge of the presence of asbestos-containing materials on or within the Premises. Tenant and County agree to notify their own employees of the presence of asbestos-containing materials on or within the Premises. Such notification shall comply with Health and Safety Code Section 25915, et seq., as amended from time to time or as required by any successor or companion statute enacted subsequent to this Lease.

### ARTICLE 20. WARRANTY AUTHORITY

#### 20.1 Warranty of Authority.

Each of the parties hereto covenants, warrants and guarantees that the individuals executing this Lease and the instruments referenced herein, have the legal power, right and actual authority to execute this Lease upon the provisions and conditions stated herein and each agrees to indemnify and hold harmless the other from all damages, costs, and expenses which result from a breach of this material representation.

### ARTICLE 21. TENANT IMPROVEMENTS

#### 21.1 Tenant Improvements.

Construction of any future alterations or replacements of the improvements on the Premises shall be performed in accordance with and subject to the conditions hereinafter set forth, which Tenant covenants to observe and perform.

County is providing the Premises to Tenant in an "as is" condition. Subject to County's approval and consent, Tenant may install or construct any tenant improvements at its own and sole expense as may be necessary to fit said Premises for delivery of the Services and related uses. Preliminary design documents, construction drawings, and specifications for any proposed interior tenant improvements shall be prepared by a licensed California architect/contractor at the sole expense of the Tenant. Prior to the construction or installation of any improvements, Tenant shall submit all preliminary and final design documents, construction drawings, and specifications for review and approval by the Los Angeles County Department of Public Works ("DPW").

The County shall endeavor to provide its approval or disapproval to Tenant in writing within 30 days of the receipt of all final design documents, construction drawings, and specifications. Failure by the County to provide written approval within 30 days shall be deemed approval. Tenant shall modify the final design documents, construction drawings, and specifications to conform to review comments by County. Comments shall not be unreasonably withheld or delayed. All work, construction and materials shall be shown in final working drawings and specifications. All circuit breakers, fire sprinklers, and plumbing shut off valves shall be labeled as to areas controlled both on the drawings and on the breaker panels and valves. Upon completion, Tenant shall furnish the County with one complete set of reproducible as-built drawings in electronic format including locations of all underground utility lines and their depths.

The Premises shall meet all applicable Federal, State, and local building codes, regulations, and ordinances required for beneficial occupancy. At Tenant's sole cost and expense, Tenant shall obtain all necessary permits and jurisdictional approvals for any work, construction, and occupancy from DPW.

All construction undertaken shall be in conformance with the provisions of Article 21 hereof.

#### 21.2 Removal of Tenant Improvements.

All tenant improvements of every kind and nature whatsoever installed by Tenant on the Premises with the written consent and approval of County shall remain the property of Tenant during the term of this Lease. Upon expiration of this Lease, all such improvements except trade fixtures and personal property of the Tenant shall revert to County ownership.

### 21.3 ADA Requirements.

All tenant improvements shall comply with the Americans with Disabilities Act ("ADA"), as it now exists or may later be amended. Tenant shall provide to County architectural plans for all work required by the Building and Safety/Land Development Division of the County Department of Public Works in order to comply with ADA access requirements as a condition of the issuance of building permits for any tenant improvement work. Tenant shall construct all required improvements to provide access to the Premises to the disabled in compliance with the ADA. Such improvements shall be the property of County, and shall not be removed upon the termination of the Lease.

### 21.4 Signs and Name of the Facility.

Tenant shall be allowed to place and maintain signs inside and outside the Premises at appropriate locations in order to direct persons for delivery of the services provided by Tenant hereunder. Tenant shall provide written notification to the County concerning the size, design, precise location, and means of attachment of outside and external signs which shall be subject to the consent of County or its designee, which consent shall not be unreasonably withheld. Tenant will also comply with any local jurisdictional sign ordinance which may hereafter apply.

## ARTICLE 22. GENERAL PROVISIONS

### 22.1 Miscellaneous:

- A. Headings: The Section titles in this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.
- B. Time: Time is of the essence for this Lease and each and all of its provisions in which performance is a factor.
- C. Recordation: Tenant may not record this Lease at any time without the prior written consent of the County.
- D. Binding on Successors: Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the successors in interest of the Tenant, and wherever the context permits or requires the successors in interest to the County.

- E. **Prior Agreements:** The Lease, agreements incorporated by reference and attachments hereto contain all of the agreements of the parties hereto with respect to the subject matter hereof, and no prior agreement including the Original Lease or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.
  
- F. **Unavoidable Delay:** Any prevention, delay, non-performance or stoppage due to any of the following causes shall excuse non-performance for a period equal to any such prevention, delay, non-performance or stoppage. The causes referred to above are: strikes, lockouts, labor disputes, failure of power, irresistible superhuman cause, acts of public enemies, riots, insurrections, civil commotion, inability to obtain labor or materials or reasonable substitutes for either, governmental restrictions or regulations or controls, casualties not contemplated by insurance provisions of this Lease, or other cause beyond the reasonable control of the party obligated to perform.
  
- G. **Severability:** Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair, or invalidate any other provision hereof and such other provisions shall remain in full force and effect.
  
- H. **Cumulative Remedies:** No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.
  
- I. **Choice of Law and Forum:** This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the courts of the County of Los Angeles, State of California.
  
- J. **Interpretation:** Unless the context of this Lease clearly requires otherwise: (i) the plural and singular numbers shall be deemed to include the other; (ii) the masculine, feminine and neuter genders shall be deemed to include the others; (iii) "or" is not exclusive; and (iv) "includes" and "including" are not limiting. The language of this Lease shall be construed according to its fair meaning and not strictly for or against County or Tenant. Column headings are for convenience only and do not limit or fully describe the contents therein.

## 22.2 Construction.

All construction work performed in connection with this Lease (including without limitation all work performed pursuant to Article 22 hereof) by the Tenant or its designated contractors or subcontractors shall comply with all applicable Federal, State, and local regulations, codes and ordinances, including but not limited to all provisions of the Labor Code of the State of California. Under the provisions of said Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of worker or mechanic needed for the construction of the improvements. Particulars of the current prevailing wage scale, as approved by the Board of Supervisors, which are applicable to the work contemplated, are filed with the Clerk of the Board of Supervisors and must be posted at the subject site.

## 22.3 Waiver.

Any waiver by either party of any breach of anyone or more of the covenants, conditions, terms and agreements herein contained shall not be construed to be a waiver of any subsequent or other breach of the same or of any other covenant, condition, term or agreement herein contained, nor shall failure on the part of either party to require exact, full and complete compliance with any of the covenants, conditions, terms or agreements herein contained be construed as in any manner changing the terms of this Lease or estopping either party from enforcing the full provisions hereof.

No option, right, power, remedy, or privilege of either party shall be construed as being exhausted by the exercise thereof in one or more instances. The rights, powers, options and remedies given either party by this Lease shall be cumulative.

## 22.4 Licenses and Compliance with Applicable Law.

Tenant shall obtain and maintain in effect during the term of this Lease, all licenses, permits, and certificates required by law which are applicable to the Tenant's provision of the Services and. Tenant shall further ensure that all its officers, employees, and agents who perform the Services hereunder obtain and maintain in effect during the term of this Lease and any holdover or extension period, all licenses, permits, and certificates required by law which are applicable to its performance hereunder. Tenant shall further comply with all federal, State, and local laws, ordinances, regulations, and directives applicable to its performance hereunder.

Tenant shall have the right to contest, by appropriate judicial or administrative proceedings, without cost or expense to County, the validity or application of any present or future applicable laws which restrict Tenant's use of the Premises or which require Tenant to repair, maintain, alter, or replace the Building in whole or in part. Tenant shall not be in default for failing to exercise its rights under this clause or for failing to commence repairs, maintenance, alterations, or replacement obligations imposed by such applicable laws, until a reasonable time following the final judgment and conclusion of appeals in Tenant's administrative and judicial proceedings, provided that Tenant protects County from any lien by surety bond or other security reasonably satisfactory to County. County may, but is not obligated to, join in Tenant's contest but County shall have full subrogation rights in the event of Tenant's failure to contest. Tenant's right to contest must be exercised in such manner as to avoid any exposure of the Building or any part thereof to foreclosure or execution sale.

#### 22.5 County Lobbyists.

Tenant and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010 retained by Tenant, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Tenant or any County lobbyist or a County lobbying firm retained by Tenant to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Lease upon which County may immediately terminate this Lease.

#### 22.6 Title.

Tenant hereby acknowledges the title of County in and to the Premises, and covenants and agrees never to assail, contest, or resist said title.

#### 22.7 Administration of County Space.

County does not grant or delegate to Tenant hereunder any of its governmental powers (statutory, implied, administrative, or otherwise) with respect to the Premises.

#### 22.8 Acknowledgment of Ineligibility for Relocation Assistance.

Tenant expressly acknowledges that Tenant will be in possession of the Premises as a result of County's previously acquired property interest. In recognition of such fact, Tenant hereby disclaims any status as a "displaced person" as such is defined in Governmental Code Section 7260, and hereby acknowledges its ineligibility for relocation assistance as provided in Government Code Sections 7260 through 7276, inclusive, as interpreted in Title 25, Chapter 6, Section 6034(b)(1) of the California Code of Regulations.

22.9 Solicitation of Consideration.

It is improper for any County Officer, employee or agent to solicit consideration, in any form, from a tenant with the implication, suggestion or statement that the tenant's provision of consideration may secure more favorable treatment for the tenant in the award of the lease or that the tenant's failure to provide such consideration may negatively affect the County's consideration of the tenant's submission. A tenant shall not offer to or give, either directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to award of a lease.

Tenant shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller Employee Fraud Hotline. Failure to report such solicitation may result in the termination of this Lease.

22.10 Conflict of Interest.

No County employee whose position in County service enables him/her to influence obtaining or awarding any lease, license or permit, and no spouse or economic dependent of such employee, shall be employed in any capacity by Tenant herein, or have any other direct or indirect financial interest resulting from this Lease.

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IN WITNESS WHEREOF, Tenant has executed this Lease or caused it to be duly executed and the County of Los Angeles has caused this Lease to be executed on the day, month and year first above written.

**TENANT:**

Harbor-UCLA Medical Foundation, Inc.

By: *Pamela Kliver*  
Pamela Kliver, CEO

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

**COUNTY OF LOS ANGELES**

**10**      **DEC 16 2014**

*Patrick Ogawa*  
PATRICK OGAWA  
ACTING EXECUTIVE OFFICER

By: *Mike Antonovich*  
Mayor of the Board of Supervisors  
Michael D. Antonovich

**ATTEST:**

PATRICK OGAWA, Acting Executive Officer  
Board of Supervisors



By: *Carla Little*  
Deputy

I hereby certify that pursuant to Section 25103 of the Government Code, delivery of this document has been made.

**APPROVED AS TO FORM:**

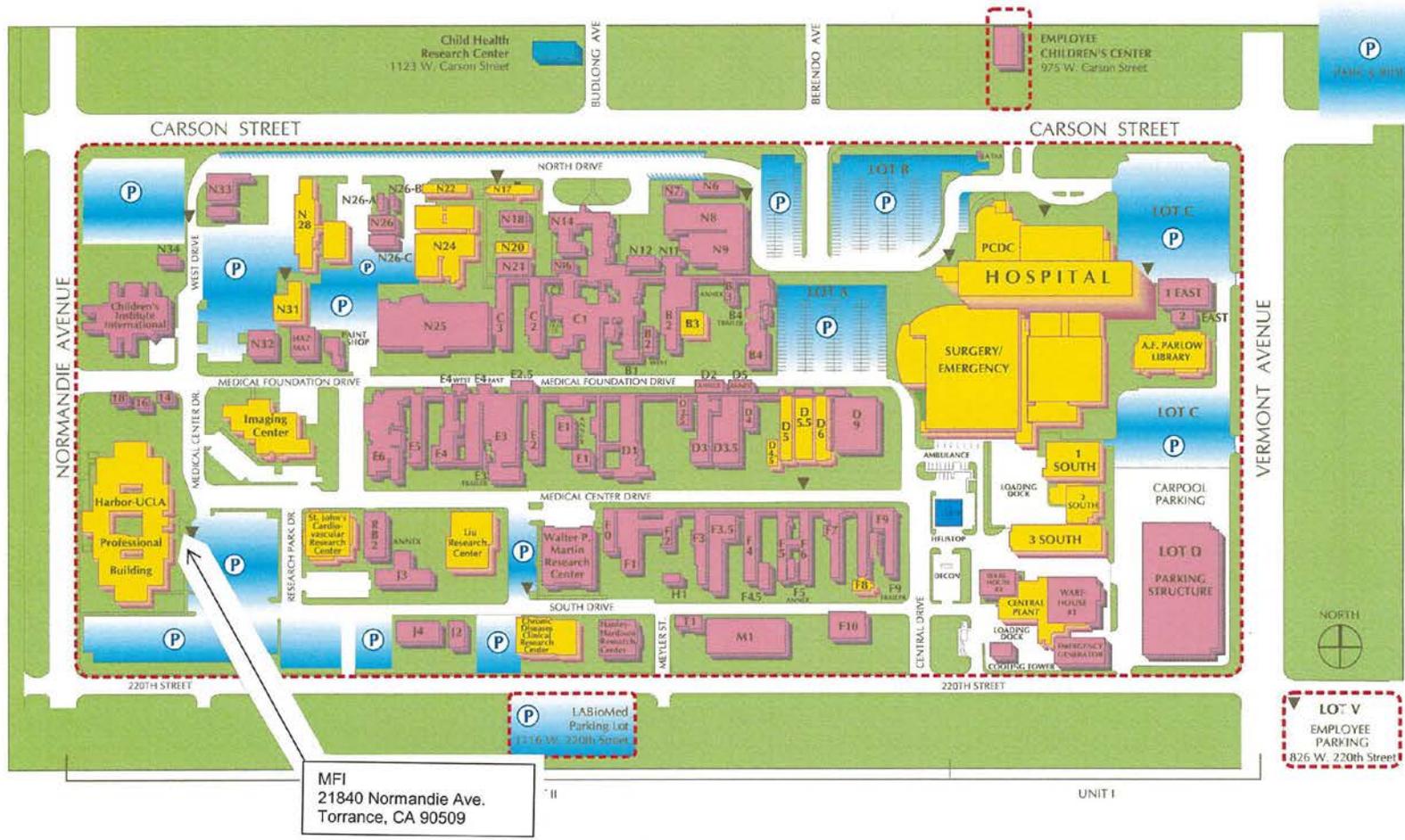
MARK J. SALADINO  
County Counsel

PATRICK OGAWA  
Acting Executive Officer  
Clerk of the Board of Supervisors

By: *Mark J. Saladino*  
Senior Deputy

By: *Carla Little*  
Deputy

78322



HH764-AA 02/14

©2014 Harbor-UCLA Medical Center  
Hospital Planning & Architecture 02/14

-  **Patient Service Building**  
Edificios para atención al paciente
-  **Campus Building**  
Edificios en los terrenos del hospital
-  **Patient/Visitor Parking**  
Estacionamiento para visitantes y pacientes
-  **Shuttle Bus Stops**  
Parada del autobús
-  **Smoke and Tobacco Free Campus**  
Este es un Campus libre de humo y tabaco

**EXHIBIT A**

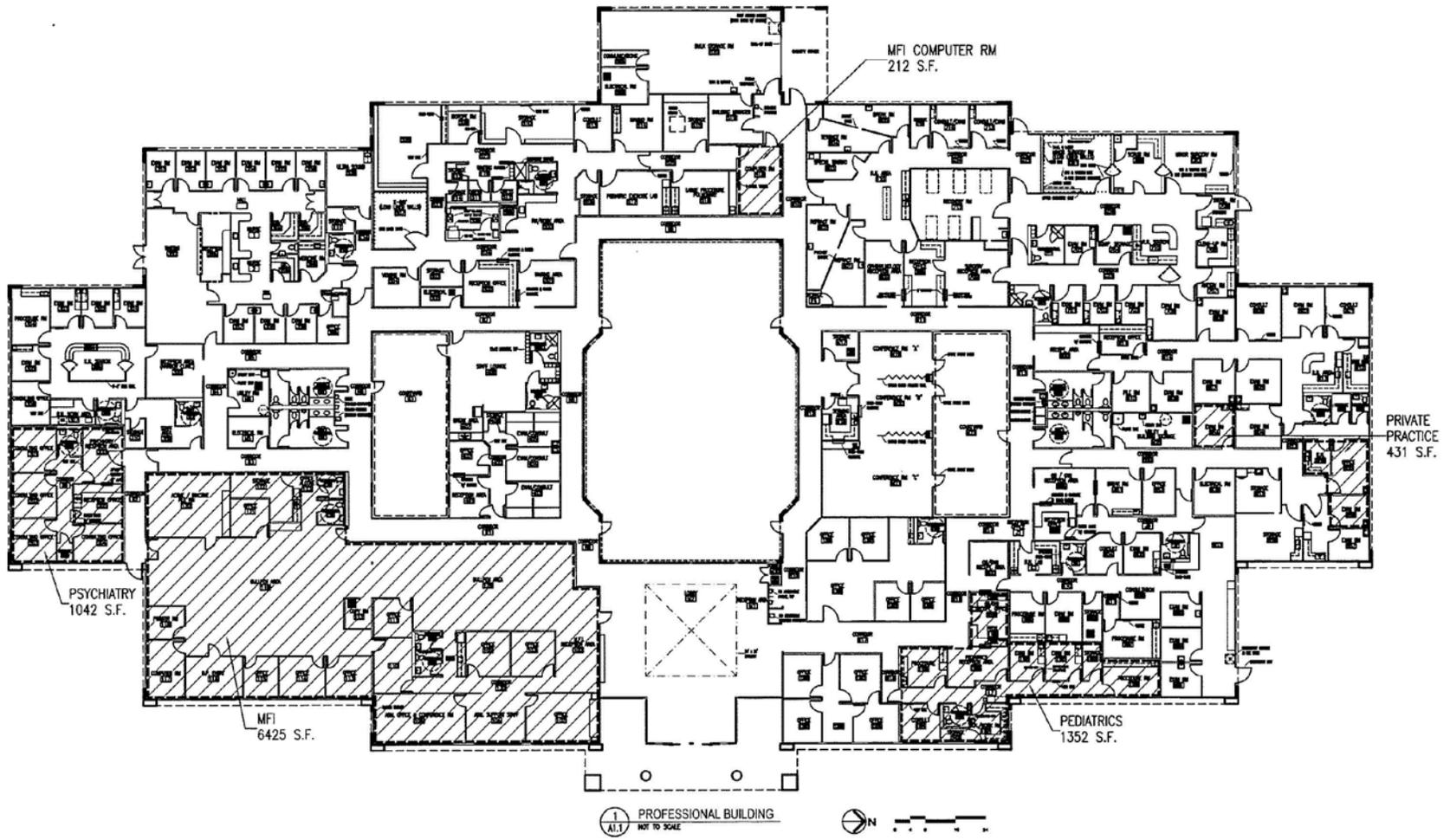


EXHIBIT B